

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 5th Meeting of the 2005 Calendar Year

October 21, 2005

The 5th meeting of the Capital Planning Advisory Board (CPAB) was held on Friday, October 21, 2005, at 10:00 AM, in Room 327 of the Capitol. Senator Jack Westwood, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Senator David Boswell; Representative Ron Crimm; Ben Fletcher; Paul Gannoe; William May; Jason Nemes; Garlan Vanhook; Judge William Wehr; and Melinda Wheeler.

LRC Staff: Pat Ingram, Nancy Osborne, Mary Lynn Collins, and Debbie Rodgers.

Senator Westwood announced that donations are being accepted for the Legislative Research Commission Hurricane Relief Fund Project, with contributions being split equally among the American Red Cross Disaster Relief Fund, Habitat for Humanity Operation Home Delivery, and the Bush-Clinton Katrina Fund.

Senator Boswell's motion to approve the minutes of the September 23 meeting was seconded by Mr. May and passed by voice vote.

Senator Westwood asked CPAB Staff Administrator Pat Ingram to review the agency capital plan amendments submitted as of the October 1 deadline. Ms. Ingram explained that changes to the plans are permitted because the budget request instructions require projects being submitted in the capital budget requests to have been included in the agency's capital plan. She said several agencies, including all of the postsecondary institutions, had amended their plans. She highlighted some of the changes as they related to state-funded projects proposed for 2006-08. Those changes were listed in Agenda Item IV-A.

Senator Westwood said the Board needed to complete work on the *2006-2012 Statewide Capital Improvements Plan* at this meeting to comply with the November 1 statutory deadline. He noted that the previously-considered draft recommendation concerning projects to be financed with state funds in 2006-08 was included in the members' folders, and attached to the draft were lists of projects proposed to be inserted into the recommendation. He said 12 members returned their project recommendations. If

a project appeared on four or more of the lists, it was included in the draft recommendation.

At Senator Westwood's request, Ms. Ingram reviewed the recommendation. She explained that the text of the recommendation was as it had been approved by the Board at the September 23 meeting. It calls for maintenance needs to be the highest priority to be addressed with state funds, and specifically recommends funding of the agency maintenance pools, funding for a postsecondary education matching funds pool for maintenance, funding for the statutory Contingency and Emergency funds and the state-owned dam repair program, and funding to complete renovation of the State Office Building in Frankfort. Ms. Ingram noted that draft lists of specific projects to be inserted in the recommendation in the categories of Protect Investment in Plant, Information Technology, and Other Construction were attached as the last three pages of the agenda item.

Senator Boswell expressed concern that the lists did not include proposed projects to provide additional funding for technology centers for which the initial phase was funded in the current budget.

Mr. Fletcher said he had difficulty understanding the need for multiple technology centers - both existing and proposed - which appear to be geographically close and to have overlapping service areas.

Senator Westwood noted that this is an advisory board, and it is simply making recommendations. He re-iterated Senator Boswell's comment that the final funding decisions will be made by the General Assembly.

Senator Westwood said the Board needs to take final action on the *2006-2012 Statewide Capital Improvements Plan* including the project recommendations that were just discussed. He asked Ms. Ingram to review the contents of the document.

Ms. Ingram said the plan would contain an executive summary, the policy recommendations and project recommendations developed by the Board, a chart showing the status of major state-funded construction projects completed since the last plan or currently underway, the comprehensive listings of proposed projects for 2006-2012 as submitted by each agency, and appendices containing the capital planning statutes and the reports submitted by the Commonwealth Office of Technology (COT) and the Council on Postsecondary Education. She added that, in addition to hard copy, the document will be available on the Board's website, and the brief descriptions of all of the projects as listed in the agency plans will also be available on the web.

Mr. Fletcher asked about a letter that had been sent to Board members opposing expansion of the Frankfort (Capital City) Airport. Ms. Ingram said the lists of

recommended projects do not include items related to airport expansion. In response to a further question from Mr. Fletcher, Ms. Ingram said approval of the statewide plan does not mean the members are endorsing every project submitted by each agency in its plan.

Representative Crimm's motion to approve the plan as presented was seconded by Ms. Wheeler and passed. There were 9 "yes" votes, 0 "no" votes, and 1 pass. Senator Boswell explained he could not vote to approve the plan because of the lack of attention given to the need for technology centers.

Senator Westwood expressed his appreciation to the Board members and staff for their work on the plan. He also noted the good working relationship with the various agencies and institutions and particularly thanked the Commonwealth Office of Technology and the Council on Postsecondary Education for the special reports they had prepared for the Board.

Relative to the content of the plan, Senator Westwood said it reflects the Board's belief that the state must be a good steward of the funds provided by the taxpayers, and of the assets that have been acquired with those funds. As in the past, both the policy and project recommendations address the high priority the Board places on maintenance. In addition to the project recommendations that had been described earlier in the meeting, Senator Westwood reviewed the policy recommendations contained in the approved plan. He highlighted the recommendations for legislation to create a funding mechanism to address major maintenance as well as the call for adequate funding for smaller maintenance projects. He said the plan also continues to urge the implementation of a statewide database to provide consistent and comparable information to help with maintenance of state facilities.

While some of the policy recommendations re-iterate those made in the past, others address needs that have arisen due to the passage of time. Senator Westwood especially noted the recommendation to raise the statutory thresholds for when a project must be submitted in the planning and budgeting processes, and the call for a joint legislative/executive task force to study a wide range of issues relating to the state's debt policies and practices. Two other recommendations repeated from previous plans call for replenishing the Budget Reserve Trust Fund and providing alternatives to incarceration.

Finally, Senator Westwood noted the significant increase in the number and cost of information technology projects submitted in the agency capital plans. He said another policy recommendation expresses support for the Commonwealth Office of Technology's actions to consolidate information technology operations and services, where appropriate, and to apply consistent project management practices. That recommendation also encourages COT to develop an approach and funding mechanism for technology upgrades and replacements.

Moving to the final agenda item, Senator Westwood noted that reference had been made in previous meetings to the Centralized Laboratory Facility in Frankfort, which had been constructed in the early 1990s in response to the need for the state to be more efficient and effective in its delivery of services. He said arrangements have been made for CPAB members to tour the facility following today's meeting. Senator Westwood then asked Ms. Ingram to briefly review the background material in the members' folders concerning the lab and the Sower Complex in which it is located.

Ms. Ingram said the lab facility was completed and occupied in 1994. The \$41 million project also included the construction of a central utilities plant, which can be expanded to serve other facilities that might be constructed nearby. Ms. Ingram noted that recent renovations at the lab have provided for security upgrades and have enhanced some of the space to biosafety level 3 standards. She said the facility provides space for laboratories of the Cabinet for Health and Family Services, the Environmental and Public Protection Cabinet, the Kentucky State Police, and the Medical Examiner's Office. The Finance and Administration Cabinet is responsible for managing the facility. Occupants pay a rate per square foot for building management services and for utilities.

Ms. Ingram explained that the Sower Complex, where the lab is located, is also the site of the Commonwealth Credit Union building and the state-constructed Public Service Commission Building. She said in 2001 the Board received a report on a study addressing the suitability of six major, state-owned parcels of land in Frankfort - including the Sower Complex area - as sites for future state office buildings. Ms. Ingram reminded members that the Board has long recommended the construction of more state-owned office space in Frankfort in order to reduce the amount leased from private vendors. The study indicated that significant additional office space could be provided at the Sower Complex by using some prototype building designs recently developed by the state. One prototype provides approximately 65,000 square feet and the other provides approximately 127,000 square feet. They could be constructed as individual, stand-alone buildings or grouped in various combinations. Ms. Ingram said the Finance and Administration Cabinet's 2006-2012 capital plan proposes two projects to construct new state office buildings at the Sower Complex. Each project would construct three of the 127,000 square foot buildings.

Ms. Ingram asked Ken Marks, Deputy Commissioner for the Department for Facilities and Support Services, if he would like to make any additional comments. Mr. Marks clarified that providing the significant additional amount of office space described in the 2001 study at this location would involve using some of the city-owned property adjacent to the state-owned property on Sower Boulevard. However, there is room on the state-owned property for the two projects proposed by the Cabinet in its 2006-2012 plan.

Before adjourning, Senator Westwood said the Board generally does not meet during General Assembly sessions. However, staff will provide updates on the status of its recommendations and any other capital planning issues. Since the Board will not be

preparing a statewide plan next year, Ms. Ingram invited the members to submit suggestions for meeting topics and locations for 2006.

There being no further business to come before the Board, Representative Crimm's motion to adjourn was approved without objection at 11:15 AM.